



National Energy
Board

Office national
de l'énergie

Quarterly Financial Report For the quarter ended 31 December, 2015

Statement outlining results, risks and significant changes in operations, personnel and program

Introduction

The quarterly financial report for the National Energy Board (NEB or Board):

- should be read in conjunction with the Main Estimates;
- has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board; and
- has not been subject to an external audit or review.

A summary description of the NEB's program activities can be found in Part II of the Main Estimates.

The Board's top priorities are: Take Action on Safety, Engaging with Canadians, and Leading Regulatory Excellence.

The NEB receives its funding through annual Parliamentary authorities. The majority of expenditures are subsequently recovered from the companies regulated by the NEB and the funds are deposited in the Consolidated Revenue Fund of the Government of Canada.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the National Energy Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2015-16 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The National Energy Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.



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Highlights of Fiscal Quarter and Fiscal Year to Date Results

Actual Expenditures

- Year to date personnel spending at the end of the third quarter is \$2.2M less than the same period in the previous year. Most of this variance is attributable to a \$4.2M severance payout that occurred in 2014-15 (resulting from the elimination of the employee severance pay program for represented employees). The remaining variance is the result of a \$2.0M increase in 2015-16 personnel costs related to increased funding for the Energy East and Imperial Beaufort hearings.
- The NEB office relocated in 2014-15 and affected various expenditures. Expenditures in the first three quarters of 2014-15 were \$5.2M higher than in the first three quarters of 2015-16 as a result of the move. The most notable change in the first three quarters of 2015-16 is in Rentals which decreased by \$2.4M due to the move. Acquisition of machinery and equipment also decreased by \$1.2M in the first three quarters of 2015-16 due to the move.
- The decrease of \$1.6M in other subsidies and payments is due to a one-time transition payment in Quarter 1 of 2014-15 for implementing salary payment in arrears by the Government of Canada.
- Transfer payments were \$0.9M higher in the first three quarters of 2015-16 than the same period last year.

Planned Expenditures

The variances in planned expenditures for 2015-2016 over the previous year are as follows:

- A \$5.7M increase due to an increase in funding for the Energy East and Imperial Beaufort hearings.
- A permanent frozen allotment for Participant Funding in quarter 3 of 2014-15 for \$2.3M. This had decreased our authorities in 2014-15.
- A decrease of \$2.0M in compensation adjustments from 2014-15 to 2015-16.
- A decrease of \$8.3M in move expenditures as additional funding was received in 2014-15 for the move and expansion space.



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Risks and Uncertainties

Due to the nature of its mandate, the NEB's expenditures are influenced by planned and unplanned events (internal and external) that create uncertainty in expenditure and resource pressures. The NEB's responsibilities are not only shaped by emerging energy trends, but also by the proactive consideration of safety, environmental, societal and economic trends that may influence the NEB's ability to carry out its responsibilities in the Canadian public interest.

Significant Changes in Relation to Operations, Personnel and Programs

The National Energy Board received additional funding in 2015-16 for Energy East and Imperial Beaufort hearings which resulted in an increase to NEB authorities.

Approval by Senior Officials

Approved by,

C. Peter Watson, P. Eng. FCAE
Chair and CEO

*(Calgary, Canada)
(29 February 2016)*

Paula Futoransky
Chief Financial Officer



Quarterly Financial Report

For the quarter ended *December 31, 2015***STATEMENT OF AUTHORITIES**
(unaudited)*(in thousands of dollars)*

	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended December 31, 2015	Year to date used at quarter- end	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended December 31, 2014	Year to date used at quarter-end
Operating expenditures	71,679	17,673	49,763	74,219	17,762	58,187
Contributions to employee benefit plans	8,184	2,046	6,138	7,578	1,690	5,071
Total Budgetary authorities	79,863	19,719	55,901	81,797	19,452	63,258
Non-budgetary authorities						
Total authorities	79,863	19,719	55,901	81,797	19,452	63,258

*More information is available in the attached table.*** Includes only Authorities available for use and granted by Parliament at quarter-end.*



Quarterly Financial Report
For the quarter ended December 31, 2015

DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

(in thousands of dollars)

	Fiscal year 2015-2016			Fiscal year 2014-15		
	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended December 31, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended December 31, 2014	Year to date used at quarter-end
Expenditures:						
Personnel	56,970	15,584	46,181	56,064	15,149	48,381
Transportation and communications	3,617	877	2,212	4,463	948	2,054
Information	689	65	159	994	96	239
Professional and special services	12,963	2,180	4,406	13,633	1,902	4,451
Rentals	689	317	910	862	211	2,839
Repair and maintenance	689	104	613	1,299	187	876
Utilities, materials and supplies	344	101	271	399	139	307
Acquisition of land, buildings and works	-	0	6	-	412	841
Acquisition of machinery and equipment	1,206	41	112	2,719	303	1,553
Transfer payments	3,214	490	1,060	1,364	55	111
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	(1)	10	-	50	1,606
Total gross budgetary expenditures	80,381	19,758	55,940	81,797	19,452	63,258
Less						
Total Revenues netted against expenditures	518	39	39	-	-	-
Total net budgetary expenditures	79,863	19,719	55,901	81,797	19,452	63,258